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Attorneys for the United States of America

**IN THE UNITED STATES DISTRICT COURT FOR THE
 NORTHERN DISTRICT OF CALIFORNIA
 SAN JOSE DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

**CAROL LINDSAY (aka CAROL LE
 MARQUAND); STATE OF CALIFORNIA,
 FRANCHISE TAX BOARD; COUNTY OF
 SANTA CRUZ, OFFICE OF TAX
 COLLECTOR,**

Defendants.

No. C-06-5397-JW

**JOINT STATEMENT IN
 RESPONSE TO ORDER TO SHOW
 CAUSE RE SETTLEMENT**

**ORDER CONTINUING HEARING
 ON ORDER TO SHOW CAUSE
 RE: SETTLEMENT**

This is an action to reduce to judgment certain outstanding income tax assessments for the tax years 1990 through 1995 made against defendant Carol Lindsay and to foreclose federal tax liens upon the real property located at 144 Getchell Street, San Jose, California. Ms. Lindsay had not filed her federal income tax returns for the years at issue. The tax assessments made against Ms. Lindsay for those years, as set forth in paragraph 10 of the Complaint, were based on Substitute for Returns.

Ms. Lindsay has agreed with both the IRS's and the FTB's calculations of the tax liabilities due and owing. She has paid the FTB tax liability. Ms. Lindsay intends to pay the IRS \$30,000 by May 29, 2008. This will leave approximately \$95,000 that she will still owe to the IRS. She will have to secure a loan to make the remaining payment.

Ms. Lindsay owns the real property that is the subject of the foreclosure action free of any encumbrances other than the federal and/or local tax liabilities. So, she should be able to obtain a loan. The government cannot dismiss this action until payment is received. The action was filed because the statute of limitations on collection was expiring.

For the foregoing reasons, the parties recommend that this case be set for a further case management conference in sixty (60) days.

Respectfully submitted,

JOSEPH P. RUSSONIELLO
United States Attorney

Dated: May 27, 2008

/s/ David L. Denier
DAVID L. DENIER
Assistant United States Attorney
Tax Division

Dated: May 27, 2008

/s/ David B Porter
DAVID B. PORTER
Attorney for Defendant
Carol J. Lindsay

BILL LOCKYER
Attorney General of the State of California

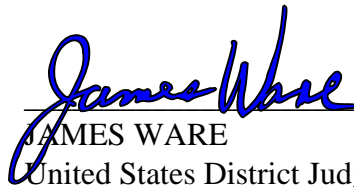
Dated: May 27, 2008

/s/ Randall P. Borcharding
RANDALL P. BORCHERDING
Deputy Attorney General
Attorneys for Defendant Franchise Tax Board

***** ORDER *****

Based on the parties' representations, the Court continues the Order to Show Cause hearing currently set for June 2, 2008 to **September 15, 2008 at 9 a.m.** Although the parties have only asked for a sixty day continuance, the Court is granting this extended continuance to accommodate the parties' settlement efforts. Due to the age of the case, the parties shall use this extended time judiciously and bring this case to a close. If a Stipulated Dismissal is not filed on or before **September 5, 2008**, the parties shall file a Joint Status Report to the Order to Show Cause on the same date.

Dated: May 29, 2008


JAMES WARE
United States District Judge